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July 24, 2020

BY ECF:

Honorable Loretta A. Preska
Senior United States District Judge
United States Courthouse
500 Pearl Street
New York, New York 10007-1312

Re: Peterson v. Islamic Republic of Iran, 10 Civ. 4518 (LAP)
Quarterly Update Letter

Dear Judge Preska:

We represent Kenneth R. Feinberg, Successor Trustee of the Peterson § 468B Fund in accordance with 26 U.S.C. § 468B (the "Peterson Fund") pursuant to an Order of the Court dated April 6, 2020 (ECF 1079).¹ We have provided quarterly update letters to the Court since January 13, 2017 (ECF 704) addressing the status of the Peterson Fund's distributions and other developments. We are submitting this quarterly update as of June 30, 2020 pursuant to the Court's Order (ECF 853) approving the first Report & Recommendation (ECF 842) of Special Master Kathleen N. Massey (the "Special Master") which Report & Recommendation recommended, among other things, that the Trustee continue to provide the Court with quarterly updates.

A. Summary of Current Distribution Status

By Order of this Court dated July 9, 2013, the sum of \$1,895,672,127 was deposited into the Peterson Fund. As of June 30, 2020, the Peterson Fund has made distributions and payments in the approximate amount of \$1,832,686,238 to Plaintiffs, attorneys and other parties exclusive of the Peterson Fund's administrative and other fees and expenses.

¹ Reference herein to the term "Trustee" shall mean the Successor Trustee, Mr. Feinberg, and/or the former Trustee, Judge Stanley Sporkin, as the context requires.

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The first, second and third interim distributions to the non-Peterson plaintiffs entitled to share in approximately thirteen (13%) percent of plaintiff recoveries pursuant to the Litigation Cooperation and Settlement Agreement dated June 1, 2012 (referred to herein as the “13% Plaintiffs”) have been completed.

In the Peterson cases, the initial distribution to, or for the benefit of, the Peterson Plaintiffs has been completed. The second interim distribution to the Peterson Plaintiffs has also been largely completed, with distributions made to more than ninety-nine (99%) percent of the Peterson Plaintiffs.

As explained below, pursuant to the Court’s Order (ECF 1068), the Trustee (i) commenced a distribution to all of the Plaintiffs of approximately \$57.8 million in May, 2020 (the “Pre-Final Distribution”) and (ii) anticipates commencing a distribution of the Peterson Fund’s remaining assets during the fourth quarter of 2020 (the “Final Distribution”). Once these distributions have been substantially completed, the Trustee anticipates filing a final report with the Court and requesting authority to terminate the Peterson Fund.

B. Distributions to the 13% Plaintiffs

Distributions have been made to the 13% Plaintiffs and their attorneys in the total amount of \$213,720,290.

As explained in our previous update letters to the Court (ECF 1046, 1060), the initial interim distribution and the second and third interim distributions to the 13% Plaintiffs have been completed in the total amount of \$213,720,290. These amounts include payment of fees to attorneys for the 13% Plaintiffs. In addition, the Trustee has remitted payment of \$23,919,062 to the American Center for Civil Justice, Inc. (“ACCJ”) pursuant to an order entered by this Court (ECF 1030) and a consent order entered in ACCJ’s bankruptcy case.²

On or about June 10, 2020, the Trustee commenced the mailing and/or dispatching of Final Confidential Distribution Authorization forms (the “FCDA”) with respect to the Pre-Final Distribution to the 13% Plaintiffs. Pursuant to the Pre-Final Distribution, the amount of \$4,663,892 will be distributed to the 13% Plaintiffs and their attorneys. As of June 30, 2020, FCDAs have been mailed or dispatched to all of the 13% Plaintiffs directly or through their attorneys. None of these FCDAs were returned as of June 30, 2020. The Trustee anticipates that payments on account of these FCDAs will commence in July 2020.

² The facts relating to ACCJ are set forth in the Trustee’s recent update letters to the Court. The Trustee anticipates making one or more additional smaller payments to ACCJ.

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C. Status of Distributions to the Peterson Plaintiffs

As noted in our previous update letters to the Court, on or about September 14, 2018, the Trustee commenced a supplemental interim distribution to the Peterson Plaintiffs in the amount of \$51,266,298. As of June 30, 2020, 1,469 of 1,473 Supplemental Confidential Disbursement Authorization forms ("SCDAs") have been mailed, and approximately 1,465 of the Peterson Plaintiffs have been paid in the total amount of \$50,958,804. We anticipate additional SCDAs will continue to be returned to Epiq and that payments will continue as appropriate.

On or about May 29, 2020, the Trustee commenced the mailing of FCDAs to the Peterson Plaintiffs with respect to the Pre-Final Distribution. The total amount to be paid to the Peterson Plaintiffs in connection with the Pre-Final Distribution is \$37,848,138 (exclusive of payments to attorneys).

As of June 30, 2020, 1,332 FCDAs were mailed to the Peterson Plaintiffs, 1,179 of the FCDAs were returned to Epiq, and 655 FCDAs were paid in the total amount of \$17,978,782. The Trustee anticipates that most of the unmailed FCDAs will be dispatched within the next thirty to forty-five days and that payments to the Peterson Plaintiffs will continue in the ordinary course.

The Trustee anticipates commencing payments to the attorneys for the Peterson Plaintiffs in approximately thirty days.

D. Issues Delaying Distributions to Certain Peterson Plaintiffs

As we have previously explained, payments to certain of the Peterson Plaintiffs have proceeded at a slower pace as a result of individual issues regarding such Plaintiffs. As noted in our previous letters to the Court, substantial progress has been made in resolving these issues. The current status of these issues is as follows:

i. Incomplete CDAs. Epiq, the Peterson Plaintiffs and their counsel have worked together to correct deficient CDA, SCDA and currently, FCDA, submissions, clearing the way for payments to Plaintiffs whose initial submissions were incomplete. At one time or another, Epiq has sent more than 733 defect letters to certain of the Peterson Plaintiffs, some of whom have been sent multiple defect letters. As of June 30, 2020, (i) approximately three (3) of the returned SCDAs were incomplete and (ii) approximately 390 FCDAs were incomplete.

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ii. Estates. Currently, 517 of the Peterson SCDAs are for estates of victims of the Beirut bombing, estates of relatives of the victims who have died since becoming Plaintiffs in these actions, heirs of such victims, or relatives of victims.³ Initial interim distributions have been sent to all of the estates and heirs. As of June 30, 2020, 514 SCDAs had been mailed and 512 SCDAs have been returned by such estates and heirs. SCDAs have not been mailed to 3 estates and heirs either because estate representatives have not yet been identified or because the checks for these estates' initial interim distributions have not been cashed or deposited. As of June 30, 2020, 508 supplemental interim distributions have been paid to the estates and heirs that have returned SCDAs. Supplemental interim distributions have not been paid to approximately 4 estates and heirs that returned SCDAs because the returned SCDAs are not complete or are undergoing review of the estate and/or heir documentation. In connection with the pending Pre-Final Distribution, 427 estate FCDAs have been mailed, 361 have been returned and 158 have been paid.

iii. Bankruptcy Filings. To the Trustee's knowledge, approximately 83 of the Peterson Plaintiffs have sought bankruptcy relief at some point in time, and most of these Plaintiffs did not list a judgment or claim for damages relating to the Beirut bombing as an asset of their bankruptcy estate (and may not have realized that they may have had an obligation to do so). Under applicable bankruptcy laws, many (if not most) of these Plaintiffs' distributions are or were potentially subject to claims by the bankruptcy trustee that the distributions are property of their respective bankruptcy estates. As of this date, all of these Plaintiffs' initial interim distributions, supplemental interim distributions and anticipated Pre-Final and Final Distributions have been largely or entirely resolved insofar as bankruptcy issues are concerned. With regard to two of these Plaintiffs, the Pre-Final and Final Distributions will be made to their bankruptcy trustees absent such trustees providing directions to the contrary.

³ At present, there are 443 estates, but 20 of those estates' payments are being made to approximately 75 heirs. The number of estates and heirs referenced in this update letter is larger than in previous update letters as a result of the natural increase of estates and heirs over time.

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E. Final Distributions and Termination of the Peterson Fund

As noted in the Trustee's previous update letter, on February 27, 2020 the Court entered an Order (ECF 1068, the "Order") approving the *Motion of Fund Trustee for Order Approving: (1) Proposed Interim Accounting of Distributed Funds; (2) Fund Distribution Procedures and Disclosures; (3) Proposed Allocations of Fund Income and Expenses; (4) Proposed Two-Part Plan for Distribution of Remaining Funds to Fund Beneficiaries; (5) Continued Referral of all Distribution-Related Disputes to Special Master; (6) Proposed Plan for Termination of Fund and Holding of Final Reserves and (7) Related Relief* (ECF 1059).

Pursuant to the Order, the Court (i) approved the distributions that the Peterson Fund has already made and the Trustee's interim accounting with respect thereto, (ii) approved the Trustee's preliminary expense and income allocations in connection with anticipated final distributions from the Peterson Fund, and (iii) authorized the Trustee to proceed with distribution of the Peterson Fund's remaining funds available for distribution (including establishment of reserves for future expenses and implementation of the procedures necessary to proceed with final distributions) and to prepare for termination of the Peterson Fund.

As explained above, the Trustee has commenced the Pre-Final Distribution in the amount of approximately \$57.8 million. The Trustee anticipates commencing the Final Distribution of substantially all the Peterson Fund's remaining assets that are available for distribution during the fourth quarter of 2020.

Once the Peterson Fund has substantially completed these distributions and the tasks necessary to wind-down the Peterson Fund pursuant to the Order, the Trustee anticipates filing a final report with the Court and requesting the Court's authority to terminate the Peterson Fund.

* * * *

If the Court has any questions regarding any of the foregoing, the Trustee will of course respond expeditiously in order to assist the Court in addressing the same.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Shalom Jacob', with a long horizontal flourish extending to the right.

Shalom Jacob

SJ:ma